

In the Matter of)	No. G 02-21
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
FRATERNAL BENEFICIAL ASSOCIATION)	AND ORDER ADOPTING
REPORT)	
)	OF
)	FINANCIAL EXAMINATION

A licensed fraternal benefit society.

BACKGROUND

An examination of the financial condition of **FRATERNAL BENEFICIAL ASSOCIATION** (the Association) as of December 31, 2000, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Association holds a Washington certificate of authority as a fraternal benefit society. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Association for its comments on March 11, 2002. The Association did not respond.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Association.

Subject to the right of the Association to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 4 through 19 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **FRATERNAL BENEFICIAL ASSOCIATION** and to order the Association to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Association may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Association is ordered as follows, this being the Instructions and Comments and Recommendations contained in the examination report on pages 5 and 6.

1. The Association is ordered to remove certificates of deposit and government bonds from brokerage firms and place them in an authorized custodial method as required by RCW 48.13.460. Instruction 1, Examination Report, page 5.
2. The Association is ordered to review all policies regarding policy limits to verify and document in the policy files the safeguards in place or the proximity of buildings which eliminate the possibility of multiple claims by any one policyholder under one event or fire pursuant to RCW 48.11.140. Instruction 2, Examination Report, page 5.
3. It is ordered that the Association implement signatory controls which require dual signatures on all checks written for ten thousand dollars or more to ensure the review of all material disbursements by two authorized officers of the Association and enhance cash controls. It is also ordered that the Association notify all financial institutions to make appropriate revisions to the signature cards and check stock. Comments and Recommendations 1, Examination Report, page 6.

IT IS FURTHER ORDERED THAT, the Company file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 3rd day of May, 2002.

MIKE KREIDLER
Insurance Commissioner